Solera National Bancorp, Inc.
Form 10-Q
November 10, 2010
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

x **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2010

¨ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 000-53181

SOLERA NATIONAL BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**02-0774841**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

319 S. Sheridan Blvd.

Lakewood, CO 80226

303-209-8600

(Address and telephone number of principal executive offices and principal place of business)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the last practicable date: As of November 9, 2010, 2,553,671 shares of the registrant s common stock, $0.01 par value, were issued and outstanding.

Table of Contents

FORM 10-Q

SOLERA NATIONAL BANCORP, INC.

INDEX

Table of Contents

INTRODUCTORY NOTE. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND RISK FACTORS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about Solera National Bancorp, Inc. (the Company) and our subsidiary, Solera National Bank (the Bank, collectively with the Company, sometimes referred to as we, us and our) that are subject to risks and uncertainties. Forward-looking statements include information concerning future financial performance, business strategy, projected plans and objectives. Statements preceded by, followed by or that otherwise include the words anticipates, believes, estimates, expects, intends, plans, may increase, may fluctuate and similar expressions of future or c verbs such as will, should, would, and could are generally forward-looking in nature and not historical facts. Actual results may differ material from those projected, implied, anticipated or expected in the forward-looking statements. Readers of this quarterly report should not rely solely on the forward-looking statements and should consider all uncertainties and risks throughout this report. The statements are representative only as of the date they are made, and Solera National Bancorp, Inc. undertakes no obligation to update any forward-looking statement.

These forward-looking statements, implicitly and explicitly, include the assumptions underlying the statements and other information with respect to the Company s beliefs, plans, objectives, goals, expectations, anticipations, estimates, financial condition, results of operations, future performance and business, including management s expectations and estimates with respect to revenues, expenses, return on equity, return on assets, efficiency ratio, asset quality and other financial data and capital and performance ratios.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, these statements involve risks and uncertainties that are subject to change based on various important factors, some of which are beyond the control of the Company. The following factors, among others, could cause the Company s results or financial performance to differ materially from its goals, plans, objectives, intentions, expectations and other forward-looking statements:

- the Company s business may be adversely affected by conditions in the financial markets and economic conditions generally;
- continuation of the economic downturn could reduce our customer base, our level of deposits and demand for financial products such as loans;
- management of Solera National Bank may be unable to adequately measure and limit credit risk associated with the Bank s loan portfolio, which would affect our profitability;
- we are exposed to higher credit risk by commercial real estate, commercial business, and construction lending;
- our allowance for probable loan losses may be insufficient;

- interest rate volatility could harm our business;

- funding to provide liquidity may not be available to us on favorable terms or at all;

- we may not be able to raise additional capital on terms favorable to us;

- the liquidity of our common stock is affected by its limited trading market;

- the departures of key personnel or directors may impair our operations;

- the Bank s legal lending limits may impair its ability to attract borrowers;

- the Company is subject to extensive government regulation which may have an adverse effect on the Company s profitability and growth;

Table of Contents

- managing reputational risk is important to attracting and maintaining customers, investors and employees;

- monetary policy and other economic factors could adversely affect the Company s profitability;

- the Company s certificate of incorporation and bylaws, and the employment agreements of our executive officers, contain provisions that could make a takeover more difficult;

- our directors and executive officers could have the ability to influence stockholder actions;

- the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds, and other financial institutions operating in our market area and elsewhere, including institutions operating regionally, nationally, and internationally, together with such competitors offering banking products and services by mail, telephone, computer, and the Internet; and

- management s ability to manage these and other risks.

For a discussion of these and other risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see Risk Factors in Item 1A of the Company s 2009 Annual Report filed on Form 10-K with the SEC, which is available on the SEC s website at www.sec.gov. All forward-looking statements are qualified in their entirety by this cautionary statement, and the Company undertakes no obligation to revise or update this Quarterly Report on Form 10-Q to reflect events or circumstances after the date hereof. New factors emerge from time to time, and it is not possible for us to predict which factors, if any, will arise. In addition, the Company cannot assess the impact of each factor on the Company s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Table of Contents

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited)

Solera National Bancorp, Inc.

Balance Sheets as of September 30, 2010 and December 31, 2009

(unaudited)

($ in thousands, except share data)	September 30, 2010	December 31, 2009
ASSETS		
Cash and due from banks	$ 698	$ 1,696
Federal funds sold		820
Total cash and cash equivalents	698	2,516
Interest-bearing deposits with banks	266	3,784
Investment securities, available-for-sale	72,876	73,441
Gross loans	60,378	50,504
Net deferred (fees)/expenses	(85)	(114)
Allowance for loan losses	(1,200)	(830)
Net loans	59,093	49,560
Federal Home Loan Bank (FHLB) and Federal Reserve Bank stocks	1,165	1,131
Premises and equipment, net	768	875
Accrued interest receivable	749	814
Prepaid FDIC insurance	320	471
Other assets	278	248
Total assets	$ 136,213	$ 132,840
LIABILITIES AND STOCKHOLDERS EQUITY		
Deposits		
Noninterest-bearing demand	$ 1,894	$ 2,624
Interest-bearing demand	11,224	6,830
Savings and money market	53,535	55,318
Time deposits	41,708	39,629
Total deposits	108,361	104,401
Federal funds purchased and securities sold under agreements to repurchase	1,085	326
Accrued interest payable	99	82
Accounts payable and other liabilities	340	344
Federal Home Loan Bank advances	6,000	8,750
Deferred rent liability	95	85
Capital lease liability	87	118
Total liabilities	$ 116,067	$ 114,106
COMMITMENTS AND CONTINGENCIES (see Note 10)		

STOCKHOLDERS EQUITY				
Common stock, $0.01 par value; 5,000,000 shares authorized; 2,553,671 shares issued and outstanding at September 30, 2010 and December 31, 2009	$	26	$	26
Additional paid-in capital		25,916		25,768
Accumulated deficit		(8,298)		(8,016)
Accumulated other comprehensive income		2,502		956
Total stockholders equity	$	20,146	$	18,734
Total liabilities and stockholders equity	$	136,213	$	132,840

See Notes to Consolidated Financial Statements.

Table of Contents

Solera National Bancorp, Inc.

Statements of Operations for the Three and Nine Months Ended September 30, 2010 and 2009

(unaudited)

($ in thousands, except share data)	For the Three Months Ended September 30, 2010	2009	For the Nine Months Ended September 30, 2010	2009
Interest income:				
Interest and fees on loans	$ 901	$ 598	$ 2,503	$ 1,380
Interest on federal funds sold		2	2	3
Interest on investment securities	713	752	2,261	2,000
Other interest income	1		7	1
Dividends on FHLB and Federal Reserve Bank stocks	10	11	32	31
Total interest income	1,625	1,363	4,805	3,415
Interest expense:				
Deposits	466	517	1,476	1,180
Federal Home Loan Bank advances	58	78	202	256
Federal funds purchased and securities sold under agreements to repurchase	2	2	5	10
Other borrowings	2	3	7	10
Total interest expense	528	600	1,690	1,456
Net interest income	1,097	763	3,115	1,959
Provision for loan losses	780	180	1,075	432
Net interest income after provision for loan losses	317	583	2,040	1,527
Noninterest income:				
Service charges and fees	19	80	55	220
Other income	16		16	4
Gain on sale of other real estate owned	10		10	
Gain on sale of investment securities	332	98	863	205
Total noninterest income	377	178	944	429
Noninterest expense:				
Salaries and employee benefits	619	591	1,756	1,889
Occupancy	137	142	418	417
Professional fees	134	53	319	237
Other general and administrative	297	236	773	680
Total noninterest expense	1,187	1,022	3,266	3,223
Net loss before income taxes	(493)	(261)	(282)	(1,267)
Income taxes				
Net loss	$ (493)	$ (261)	$ (282)	$ (1,267)
Basic earnings (loss) per share	(0.19)	(0.10)	(0.11)	(0.50)
Diluted earnings (loss) per share	(0.19)	(0.10)	(0.11)	(0.50)

Weighted-average common shares				
Basic	2,553,671	2,553,671	2,553,671	2,553,671
Diluted	2,553,671	2,553,671	2,553,671	2,553,671

See Notes to Consolidated Financial Statements.

Table of Contents

Solera National Bancorp, Inc.

Statements of Changes in Stockholders Equity for the Nine Months Ended September 30, 2010 and 2009

(unaudited)

($ in thousands, except share data)	Shares Outstanding	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2008	**2,553,671**	**$ 26**	**$ 25,558**	**$ (6,740)**	**$ 148**	**$ 18,992**
Stock-based compensation			156			156
Comprehensive income:						
Net loss				(1,267)		(1,267)
Net change in unrealized gains on investment securities available-for-sale					1,819	1,819
Less: reclassification adjustment for net gains included in income					(205)	(205)
Total comprehensive income						347
Balance at September 30, 2009	**2,553,671**	**$ 26**	**$ 25,714**	**$ (8,007)**	**$ 1,762**	**$ 19,495**
Balance at December 31, 2009	**2,553,671**	**$ 26**	**$ 25,768**	**$ (8,016)**	**$ 956**	**$ 18,734**
Stock-based compensation			148			148
Comprehensive income:						
Net loss				(282)		(282)
Net change in unrealized gains on investment securities available-for-sale					2,409	2,409
Less: reclassification adjustment for net gains included in income					(863)	(863)
Total comprehensive income						1,264
Balance at September 30, 2010	**2,553,671**	**$ 26**	**$ 25,916**	**$ (8,298)**	**$ 2,502**	**$ 20,146**

See Notes to Consolidated Financial Statements.

Table of Contents

Solera National Bancorp, Inc.

Statements of Cash Flows for the Nine Months Ended September 30, 2010 and 2009

(unaudited)

($ in thousands)	**For the Nine Months Ended September 30, 2010**	**2009**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (282)	$ (1,267)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	137	127
Provision for loan losses	1,075	432
Net accretion of deferred loan fees/expenses	(29)	(48)
Net amortization of premiums on investment securities	348	46
Gain on sale of other real estate owned	(10)	
Gain on sale of investment securities	(863)	(205)
Federal Home Loan Bank stock dividend	(10)	(10)
Recognition of stock-based compensation on stock options	148	156
Changes in operating assets and liabilities:		
Interest receivable	65	(294)
Other assets	(53)	(16)
Prepaid FDIC insurance	151	
Accrued interest payable	17	59
Accounts payable and other liabilities	(4)	(46)
Deferred loan fees/expenses, net		126
Deferred rent liability	10	19
Net cash provided by (used in) operating activities	$ 700	$ (921)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities, available-for-sale	$ (46,154)	$ (56,583)
Proceeds from sales of investment securities, available-for-sale	30,461	18,118
Proceeds from maturities/calls/pay downs of investment securities, available-for-sale	18,319	9,790
Originated loans, net of pay downs	(11,391)	(27,077)
Proceeds from sale of other real estate owned	823	
Purchase of premises and equipment	(8)	(12)
Purchase of stock in Federal Reserve Bank	(24)	(2)
Purchase of interest-bearing deposits with banks	(1,006)	(2,241)
Maturity of interest-bearing deposits with banks	4,524	
Net cash used in investing activities	$ (4,456)	$ (58,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	$ 3,960	$ 65,240
Net increase/(decrease) in federal funds purchased and securities sold under agreements to repurchase	759	(372)
Repayment of FHLB advances	(2,750)	(2,250)
Principal payments on capital lease	(31)	(29)
Net cash provided by financing activities	$ 1,938	$ 62,589
Net (decrease) / increase in cash and cash equivalents	$ (1,818)	$ 3,661

CASH AND CASH EQUIVALENTS				
Beginning of period		2,516		2,401
End of period	$	698	$	6,062

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Table of Contents

Solera National Bancorp, Inc.

Statements of Cash Flows for the Nine Months Ended September 30, 2010 and 2009, (continued)

(unaudited)

($ in thousands)	**For the Nine Months Ended September 30, 2010**		**2009**	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the period for:				
Interest	$	1,673	$	1,397
Non-cash investing transactions:				
Unrealized gain on investment securities, available-for-sale	$	1,546	$	1,614
Loans transferred to other real estate owned	$	813	$	

See Notes to Consolidated Financial Statements.

Table of Contents

SOLERA NATIONAL BANCORP, INC.

UNAUDITED CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ORGANIZATION

Solera National Bancorp, Inc. (the Company), is a Delaware corporation that was incorporated in 2006 to organize and serve as the holding company for Solera National Bank (the Bank), a national bank that opened for business on September 10, 2007. Solera National Bank is a full-service community, commercial bank headquartered in Lakewood, Colorado serving the Denver metropolitan area.

NOTE 2 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial position of the Company as of September 30, 2010, and the results of its operations for the three and nine months ended September 30, 2010 and 2009. Cash flows are presented for the nine months ended September 30, 2010 and 2009. Certain reclassifications have been made to the consolidated financial statements and related notes of prior periods to conform to the current presentation. These reclassifications had no impact on stockholders equity or net loss for the periods. Additionally, certain information and footnote disclosures normally included in financial statements have been condensed or omitted pursuant to rules and regulations of the U.S. Securities and Exchange Commission. The Company believes that the disclosures in the unaudited condensed consolidated financial statements are adequate to make the information presented not misleading. However, these unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company s Annual Report on Form 10-K as of and for the year ended December 31, 2009.

The Company received approval as a bank in organization in the first quarter of 2007, conducted an initial closing of its common stock offering and commenced banking operations during the third quarter of 2007. Successful completion of the Company s development program and, ultimately, the attainment of sustained profitable operations are dependent on future events, including the successful execution of the Company s business plan and achieving a level of revenue adequate to support the Company s cost structure.

Critical Accounting Policies

The following is a description of the Company s significant accounting policies used in the preparation of the accompanying consolidated financial statements.

Allowance for loan losses: Implicit in the Company s lending activities is the fact that loan losses will be experienced and that the risk of loss will vary with the type of loan being made and the creditworthiness of the borrower over the term of the loan. The allowance for loan losses represents the Company s recognition of the risks of extending credit and its evaluation of the loan portfolio. The allowance for loan losses is maintained at a level considered adequate to provide for probable loan losses based on management s assessment of various factors affecting the loan portfolio, including a review of problem loans, business conditions, historical loss experience, evaluation of the quality of the underlying collateral, and holding and disposal costs. In addition, because the Bank has limited history on which to base future loan losses, a comparison of peer group allowance ratios to gross loans is made with the intention of maintaining similar levels during the Bank s early years of operation. The allowance for loan losses is increased by provisions charged to expense and reduced by loans charged off, net of recoveries. Loan losses are charged against the allowance for loan losses when management believes all, or a portion of, the loan balance is uncollectible.

The Company has established a formal process for determining an adequate allowance for loan losses. The allowance for loan losses calculation has two components. The first component represents the allowance for loan losses for impaired loans; that is loans where the Company believes collection of the contractual principal and interest payments is not probable. To determine this component of the calculation, collateral-dependent impaired loans are evaluated using internal analyses as well as third-party information, such as appraisals. If an impaired loan is unsecured, it is evaluated using a discounted cash flow of the payments expected over the life

Table of Contents

of the loan using the loan s effective interest rate and giving consideration to currently existing factors that would impact the amount or timing of the cash flows. The second component of the allowance for loan losses represents contingent losses the estimated probable losses inherent within the portfolio due to uncertainties. Factors considered by management to estimate inherent losses include, but are not limited to, 1) historical and current trends in downgraded loans; 2) the level of the allowance in relation to total loans; 3) the level of the allowance in relation to the Bank s peer group; 4) the levels and trends in non-performing and past due loans; and 5) management s assessment of economic conditions and certain qualitative factors as defined by bank regulatory guidance, including but not limited to, changes in the size, composition and concentrations of the loan portfolio, changes in the legal and regulatory environment, and changes in lending management. The recorded allowance for loan losses is the aggregate of the impaired loans component and the contingent loss component.

At September 30, 2010, the Company had an allowance for loan losses of $1.2 million. Management believes that this allowance for loan losses is adequate to cover probable losses based on all currently available evidence. Future additions to the allowance for loan losses may be required based on management s continuing evaluation of the inherent risks in the portfolio. Additional provisions for loan losses may need to be recorded if the economy declines, asset quality deteriorates, or the loss experience changes. Also, federal regulators, when reviewing the Bank s loan portfolio in the future, may require the Bank to increase the allowance for loan losses.

Share-based compensation: The Company grants stock options as incentive compensation to employees and directors. The cost of employee/director services received in exchange for an award of equity instruments is based on the grant-date fair value of the award, which is determined using a Black-Scholes-Merton model. This cost, net of estimated forfeitures, is expensed to salaries and employee benefits over the period which the recipient is required to provide services in exchange for the award, generally the vesting period.

Estimation of fair value: The estimation of fair value is significant to a number of the Company s assets, including available-for-sale investment securities. These are all recorded at either fair value or at the lower of cost or fair value. Furthermore, accounting principles generally accepted in the United States require disclosure of the fair value of financial instruments as a part of the notes to the consolidated financial statements. Fair values are volatile and may be influenced by a number of factors, including market interest rates, prepayment speeds, discount rates and the shape of the yield curve.

Impairment of investment securities: Investment securities are evaluated for impairment on at least a quarterly basis and more frequently when economic or market conditions warrant such an evaluation to determine whether a decline in their value below amortized cost is other-than-temporary. Securities are evaluated for impairment utilizing criteria such as the magnitude and duration of the decline, current market conditions, payment history, the credit worthiness of the obligator, the intent of the Company to retain the security or whether it is more likely than not that the Company will be required to sell the security before recovery of the value, as well as other qualitative factors. If a decline in value below amortized cost is determined to be other-than-temporary, which does not necessarily indicate that the decline is permanent, but indicates that the prospects for a near-term recovery of value is not favorable, the security is reviewed in more detail in order to determine the portion of the impairment that relates to credit (resulting in a charge to earnings) versus the portion of the impairment that is noncredit related (resulting in a charge to accumulated other comprehensive income). A credit loss is determined by comparing the amortized cost basis to the present value of cash flows expected to be collected, computed using the original yield as the discount rate.

Recently Issued Accounting Pronouncements

In January 2010, the FASB issued guidance requiring increased fair value disclosures. There are two components to the increased disclosure requirements set forth in the update: (1) a description of, as well as the disclosure of, the dollar amount of transfers in or out of level one or level two; and (2) in the reconciliation for fair value measurements using significant unobservable inputs (level three), a reporting entity should present separately information about purchases, sales, issuances and settlements (that is, gross amounts shall be disclosed as opposed to a single net figure). Increased disclosures regarding the transfers in/out of level one and two are required for interim and annual periods beginning after December 15, 2009. The adoption of this portion of the standard did not have a material impact on the Company s consolidated financial position, results of operations or cash flows. Increased disclosures regarding the level three fair value reconciliation are required for fiscal years beginning after

Table of Contents

December 15, 2010. The adoption of this portion of the standard is not expected to have a material impact on the Company s consolidated financial position, results of operations or cash flows.

In April 2010, the FASB issued accounting guidance for loan modifications when the loan is part of a pool of loans accounted for as a single asset. Diversity in practice developed surrounding how to account for loans that are part of a pool subsequent to a modification that would constitute a troubled debt restructuring. To eliminate the diversity in practice, the new guidance requires loans that are accounted for as part of a pool to continue to be accounted for as part of the pool subsequent to a modification, even if the modification constitutes a troubled debt restructuring. Upon adoption of the update an entity may make a one time election to terminate accounting for loans in a pool, and the election may be applied on a pool by pool basis. This accounting treatment for the modification of loans accounted for as part of pools is effective for all interim and annual reporting periods beginning on or after July 15, 2010. As the Company does not currently have any pools of loans accounted for as a single asset, the adoption of this standard did not have a material impact on the Company s consolidated financial position, results of operations or cash flows.

In July 2010, the FASB updated disclosure requirements with respect to the credit quality of loans and leases and the allowance for credit losses. According to the guidance there are two levels of detail at which credit information will be presented - the portfolio segment level and the class level. The portfolio segment level is the aggregated level used by the company in developing their systematic method for calculating the allowance for credit losses. The class level represents a more detailed level of categorization than the portfolio segment level. Companies will be required to provide the following new or amended disclosures as a result of this update:

1. A roll forward schedule of the allowance for credit losses from the beginning of the reporting period to the end of the reporting period on a portfolio segment basis, with the ending balance further disaggregated on the basis of the impairment method

2. For each disaggregated ending balance in item (1) above, the related recorded investment in loans and leases

3. The nonaccrual status of loans and leases by class

4. Impaired loans and leases by class

5. Credit quality indicators of loans and leases as of each balance sheet date, presented by class

6. The aging of past due loans and leases at the end of the reporting period by class

7. The nature and extent of troubled debt restructurings that occurred during the period by class and their effect on the allowance for credit losses

8. The nature and extent of loans and leases modified as troubled debt restructurings within the previous 12 months that defaulted during the period by class and their effect on the allowance for credit losses

9. Significant purchases and sales of loans and leases during the reporting period disaggregated by portfolio segment.

The increased disclosure requirements become effective for periods ending on or after December 15, 2010. The provisions of this update will expand our current disclosures with respect to the Allowance for Loan Losses.

NOTE 3 INVESTMENTS

The amortized costs and estimated fair values of investment securities as of September 30, 2010 and December 31, 2009 are as follows:

	September 30, 2010			
($ in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available-for-sale:				
U.S. government agencies	$ 6,871	$ 63	$	$ 6,934
Corporate	10,176	311	(40)	10,447
State and municipal	21,927	1,193	(9)	23,111
Residential agency mortgage-backed securities (MBS)	31,400	1,001	(17)	32,384
Total securities available-for-sale	$ 70,374	$ 2,568	$ (66)	$ 72,876

Table of Contents

($ in thousands)	December 31, 2009 Amortized Cost		Gross Unrealized Gains		Gross Unrealized Losses		Estimated Fair Value	
Securities available-for-sale:								
U.S. government agencies	$	5,176	$	28	$	(35)	$	5,169
Corporate		9,822		306		(5)		10,123
State and municipal		22,101		395		(295)		22,201
Residential agency MBS		35,386		760		(198)		35,948
Total securities available-for-sale	$	72,485	$	1,489				